



U.S. MERIT SYSTEMS PROTECTION BOARD
Washington, D.C. 20419

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PROPOSED PROJECT FOR AUDIT AND INVESTIGATIVE SERVICES

Through mutual agreement and planning among participating agencies, establish an independent audit function that will provide cost effective audit and investigative services.

INTRODUCTION

In accordance with the goals of Reform 88 to have more efficient and effective management throughout government, this project may give us, as a group, the opportunity to participate in Reform 88 and to experiment on a pilot program basis with a number of management reforms. The results of our efforts can be reported through the Administrative Conference to the Cabinet Council and OMB as part of the overall effort to improve management in the Federal Government.

This project is only a proposal and is intended as a vehicle to stimulate discussion. Through discussion and suggestions on the part of all of the members of the AMIG group, we can further refine this proposal, develop alternatives, or reject it if closer scrutiny shows that it is not feasible.

By working together and combining our collective resources, AMIG can develop effective management reform pilot projects which are both cost efficient and transferable to other agencies.

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BACKGROUND

All federal agencies require an impartial and objective audit of their personnel, financial, and management functions. These requirements are found in various laws and directives including but not limited to: 5 U.S.C. 305(b); the Budget and Accounting Act of 1950, the Antideficiency Act, the Federal Managers' Financial Integrity Act of 1982, and OMB Circulars A-123 and A-73. The larger agencies meet this requirement through their Office of Inspector General or similar organization.

Small- and medium-size agencies do not have the resources individually to establish and maintain an independent staff possessing the required skills and abilities to provide these professional and objective services. Larger agencies either cannot or are reluctant to provide such service to smaller agencies either on a reimbursable or nonreimbursable basis. The General Accounting Office does not perceive that its role is to provide these services and contracting with private sector companies may not prove to be cost effective.

PURPOSE

In order to meet the obligations placed upon the heads of small- and medium-sized agencies for objective review of their operations, several such agencies could obtain independent, objective, and professional audit services by a cooperative effort. The Inspector General Act (P.L. 95-452) provides an appropriate pattern to follow. By interagency agreement, three

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to five small- to medium-size agencies could establish an Interagency Office of Inspector General to obtain the professional services that each agency needs. The function of the IG unit would be to perform cyclical audits of the participating agencies' financial and procurement functions to ensure their compliance with various statutory and GAO, OMB requirements.

TARGET AGENCIES

There are at least ten potential agencies having 5,000 or less employees, a regulatory or adjudicative mission and with headquarters and regional offices in major U.S. metropolitan areas.

PILOT PROGRAM

Initially, a pilot program could be established by an interagency agreement with a duration of approximately two years. During this time the participating agencies--either 2 to 3 or 3 to 5 agencies--would each provide a share of the resources necessary to "fund" the Interagency Office of Inspector General and that Office would be guided by Sections I, III, IV, V, and VI of Attachment A which sets out the proposed duties and responsibilities of the Office.

ESTIMATED STAFFING AND RELATED COSTS

Initially, the staff would consist of three people to service the five agencies. One GS-13 Supervisory Auditor, one GS-12

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auditor, and one GS-5/6 clerical support person. Overall salary costs would be approximately 85 thousand dollars. Administrative support such as office space, telephone, and office equipment could be supplied by one of the participating agencies. It is estimated that administrative support would average an additional 10 - 15 thousand dollars annually.

EVALUATION - COORDINATION

During the pilot period, the Administrative Conference of the United States as a neutral, objective agency could be called upon to help plan, develop, and coordinate these Reform 88 proposals among the participating agencies. The Administrative Conference would facilitate cooperation between the participants and serve as the focal point between AMIG and the Cabinet Council Reform 88 project. In addition, it could oversee the implementation and evaluation of any agreed upon project.

INTERAGENCY OFFICE OF INSPECTOR GENERAL

I. Purpose: Establishment: To create an independent and objective unit

A. to conduct and supervise audits and investigations relating to programs and operations of the U.S. Merit Systems Protection Board and _____ (named agencies) who have entered into an Interagency Cooperative Agreement;

B. to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of programs and operations and to prevent and detect fraud and abuse in programs and operations of the participating agencies; and

C. to provide a means for keeping the head of each of the participating establishments fully and currently informed about problems and deficiencies relating to the administration of their programs and operations and the necessity for and progress of corrective action.

II. Appointment and Removal of Interagency Inspector General

A. The Inspector General shall be selected and appointed in the career or career-reserved civil service by agreement of the heads of the participating agencies based solely upon his or her qualifications and integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations. The Inspector General shall report to and be under the general supervision of the heads of the establishments involved and shall not report to or be subject to supervision by any other officer of such establishments. The head of the establishments shall not prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

B. The Inspector General may be removed from office by a majority decision of the heads of the agency parties to the Interagency Agreement based upon a finding of incompetency, malfeasance, or misfeasance.

C. The Inspector General shall, in accordance with applicable laws and regulations governing the civil service:

1. appoint an Assistant Inspector General for Auditing who shall have the responsibility for supervising the performance of auditing activities relating to the programs and operations of the participating agencies.

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2. appoint an Assistant Inspector General for Investigations who shall have the responsibility for supervising the performance of investigative activities relating to the programs and operations of the participating agencies.

III. Duties and Responsibilities

A. It shall be the duty and responsibility of the Inspector General:

1. to provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to programs and operations of each participating agency.

2. to prepare and obtain approval of the participating agencies of an audit and investigations plan that will provide proportionate services to the participating agencies which ensure a reasonable and appropriate cycle of audits and investigations for each agency; and a plan for such special audits and investigations as may from time to time be required to prevent or detect fraud, waste, inefficiency, misuse, or mismanagement.

3. make such recommendations as may be appropriate for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in the affected agency's programs and operations.

4. participate with the agency head or designated representative in establishing and maintaining cooperative relationships with other federal agencies, state and local government agencies and nongovernmental entities with respect to matters relating to promoting economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by the agency and in the prosecution of persons participating in fraud or abuse.

5. to keep the head of each agency fully and currently informed, by means of reports and otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations for which the agency head is responsible and to periodically report on the progress made by the agency in implementing corrective action.

B. In carrying out the responsibilities specified in subsection A.1., the Inspector General shall:

1. comply with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions;

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2. establish guidelines for determining when it shall be appropriate to use non-Federal Auditors; and

3. take appropriate steps to ensure that any work performed by non-Federal auditors complies with the standards established by the Comptroller General.

C. In carrying out the duties and responsibilities established herein, the Inspector General shall give particular regard to the activities of the Comptroller General of the United States with a view toward avoiding duplication and ensuring effective coordination and cooperation.

D. In carrying out the duties and responsibilities herein established, the Inspector General shall report expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal criminal law.

IV. Reports

A. The Inspector General shall, not later than April 30 and October 31 of each year, prepare separate semiannual reports to each agency head with respect to that agency summarizing the activities of the office during the immediately preceding six months period ending March 31 and September 30. Such reports shall include, but need not be limited to:

1. a description of significant problems, abuses, and deficiencies relating to the administration of program and operations of each agency disclosed by such activities during the reporting period;

2. a description of the recommendations for corrective action made by the office during the reporting period with respect to significant problems, abuses, or deficiencies identified in A.1. above;

3. an identification of each significant recommendation described in previous reports on which corrective action has not been completed;

4. a summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted;

5. a summary of each report made to the head of the agency under section V.B.2. below during the reporting period;

6. a listing of each audit and investigation report completed by the office during the reporting period;

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7. a general statement of activities performed for or with respect to other participating agencies;

B. The Inspector General shall report immediately to the appropriate agency head whenever the Inspector General becomes aware of particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations of the agency.

V. Authority, Administration Provisions

A. In addition to the authority otherwise provided herein, the Inspector General, in carrying out the mission of the Office, is authorized:

1. to have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to the applicable establishment which relate to programs and operations with respect to which the Inspector General has responsibilities herein;

2. to make such investigations and reports relating to the administration of the programs and operations of the applicable establishment as are, in the judgment of the Inspector General, necessary or desirable;

3. to request such information or assistance as may be necessary for carrying out the duties and responsibilities of the office from any Federal, State, or local governmental agency or unit thereof;

4. to require by subpoena, through and by the agency's authority, if necessary, the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary to the performance of the functions of the Office. Procedures other than subpoenas shall be used by the Inspector General to obtain documents and information from Federal agencies;

5. to have direct and prompt access to the head of the agency involved when necessary for any purposes pertaining to the performance of functions and responsibilities of the Office.

6. to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers and duties of the Office subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

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7. to obtain, under authority of the affected agency(s) services as authorized by section 3109 of title 5, United States Code, at daily rates not to exceed the equivalent rate prescribed for grade GS-18 of the General Schedule by section 5332 of title 5, United States Code; and

8. to the extent and in such amounts as may be provided in advance by appropriations acts of the participating agencies (for these purposes), to enter into contracts and other arrangements for audits, studies, analysis, and other services with public agencies and with private persons, and to make such payments as may be necessary to carry out the purposes of the office.

B. 1. Upon request of the Inspector General for information or assistance under section V.A.3., the head of any Federal agency involved shall, insofar as practicable and not in contravention of an existing statutory restriction or regulation of the Federal agency from which the information is requested, furnish to the Inspector General, or to an authorized designee such information or assistance.

2. Whenever information or assistance requested under sections V.A.1. or V.A.3. is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the head of the establishment involved and to the head of the affected agency named in section I.A. herein without delay.

C. The heads of agencies participating in the Interagency Cooperative Agreement (I.A.) shall jointly provide the Office with appropriate and adequate funding for staff, office space at central and, if warranted, field office locations, together with such equipment, office supplies and communications facilities and services as may be necessary for the operation of such offices, and shall provide necessary maintenance services for such offices and equipment and facilities as may be needed.

D. The Inspector General shall prepare and submit to each participating agency head a budget request setting forth in detail the monetary needs of the Office for the fiscal year involved and consistent with work plans. The budget request shall include but not be limited to: number, types, grade level, average grade, salary and benefits, for positions occupied and vacant or to be established; travel and transportation, equipment, mail, supplies, office space, services, contracts, training, awards, and such other categories as may be required. The request shall be made at the time and in the manner reasonably specified.

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VI. Employee Complaints

A. The Inspector General may receive and investigate complaints or information from an employee of the participating agencies concerning the possible existence of an activity constituting a violation of law, rule, or regulation, or mismanagement, gross waste of funds or abuse of authority.

B. The Inspector General shall not after receipt of a complaint or information from an employee, disclose the identity of the employee without the consent of the employee, unless the Inspector General determines such disclosure is unavoidable during the course of the investigation. In any such event, the Inspector General shall so inform the employee immediately.

C. Any employee who has authority to take, direct others to take, recommend, or approve any personnel action, shall not, with respect to such authority, take or threaten to take any action against any employee as a reprisal for making a complaint or disclosing information to the Inspector General, unless the complaint was made or the information was disclosed with the knowledge that it was false or with willful disregard for its truth or falsity.